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NSC BRIEFING

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24 June 1959

INDONESIA

- I. Latest political crisis in Indonesia continues with all political elements awaiting President Sukarno's return next Monday from current globetrot.
- II. Present predicament caused when Constituent Assembly on 2 June rejected Sukarno's request for readoption of 1945 constitution which would increase his powers. Army then banned all political activity.
 - A. Sukarno had requested 1945 constitution to promote his vague concept of "guided democracy" which he believes will somehow simplify Indonesia's problems.
- III. Only two major barriers holding Communists in check in Indonesia.
 - A. One is army which has generally maintained order in densely populated Java where Communists have their major strength. Army has obstructed Communist influence in government.
 - B. Second is Sukarno's current distrust of Communists and his present willingness to depend on army for his principal support.
- IV. On other hand three great problems face Indonesian government.
 - A. Energetic, well-organized Communist party now believed to be largest in Indonesia; party avoids army repression by strongly supporting Sukarno and is making significant progress at village level.
 - B. Large-scale insurgency, most significant of which is provincial rebellion in Sumatra and Celebes.

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- C. Deteriorating economy which Communists can openly exploit whenever army restrictions are removed and from which even now they undoubtedly are winning sympathy and members.
- V. In attempting to deal with these problems, Indonesian Government is hamstrung by following:
- A. Poorly organized and relatively ineffective non-Communist political parties.
 - B. Sukarno's passion for power without responsibility, his disregard of economic facts and his galavanting around the world.
 - 1. Despite Sukarno's irresponsibility, however, his popular position is unassailable as it derives from his identity with the "national revolution."
- VI. Present impasse in Constituent Assembly is particularly unfortunate because it puts Communist party in favorable position again.
- A. Communists support his request for '45 constitution.
 - B. If Sukarno gets '45 constitution Communists will take credit and will benefit in public mind from this association with him and his embodiment of nationalism.

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VIII. Economic situation has continued to deteriorate.

A. Deterioration ^{REFLECTED IN GROWING} ~~is largely matter of~~ inflation.

B. Chief pinch is among city dwellers--laborers, white collar workers, and even armed forces, all groups which are major Communist targets.

IX. Despite present difficulties, government heavily mortgaging future by program of large-scale economic development and military purchases from the Bloc.

X. Provincial rebellion goes on with little chance of either negotiated settlement or decisive victory for either side in sight.

XI. Principal danger in situation is that army will be unable to continue its holding action against Communists.

A. Sukarno, in effort to get '45 constitution and "guided democracy," may use Communist support and tolerate increased Communist activity, thereby seriously undermining army's position.

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